REMARKS

Reconsideration and allowance of the subject application are respectfully requested.

Claims 1-5 and 7-10 stand rejected under 35 USC §103 as being unpatentable over Narayan in view of Roberts. This rejection is respectfully traversed.

The claims in this case are directed to an automated trading apparatus for matching bids and offers for fixed income instruments entered by a number of traders. In the example embodiment shown in Figure 3, the automated exchange is designed to link the trading in bonds (a first type of fixed income instrument) with trading in stripped bonds (a second type of fixed income instrument). The system makes use of this link or relationship between bonds and stripped bonds to generate prices for a bond from a number of associated stripped bonds. In addition, the system may use the relationship between bonds and strip bonds to generate derived orders (sometimes referred to as "baits") in the stripped bond market using the existing prices on bonds. By linking the bond market and the stripped bond market in this fashion, increased liquidity is provided to both the bond and stripped bond markets thereby providing more trading opportunities.

Narayan discloses a trading system where a trader has the possibility to group instruments together into "security pools." A market participant can construct a pool of securities, such as fixed income securities, based on different investment parameters and place orders for units of any security that matches the characteristics of the securities pool. The Examiner refers to paragraphs 0007, 0015, 0023, 0025, and 0037 in Narayan as teaching all the features of independent claim 1. Applicants respectfully disagree. Narayan is focused on "automatically or electronically searching a database of commodity parameters to locate particular commodities having the specified parameter." See paragraph 0013. Although fixed

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income security instruments are identified, all that is described is that the specified parameter for such an instrument is "taken from a group including tax, status, redemption features, credit quality, coupon rate, payment schedule, and maturity." In contrast, Narayan does not disclose an orderbook in which both "fixed-income instruments for paying a coupon, referred to as bonds, and fixed-income instruments not paying a coupon, referred to as strip bonds, are traded." The Examiner is requested to identify where such an orderbook with both types of instruments being traded is described in Narayan. Nor does Narayan disclose the claimed data processing module "for deriving prices for a bond using information from stripped bonds." This feature is completely absent from Narayan.

Roberts describes a system that can create a number of zero coupon bonds from a debt issue. A data processing system implements a debt-for-debt exchange to restructure an issuer's existing debt issue into a serial issue of callable zero coupon bonds so that debt service payments after the exchange are substantially equivalent to debt service payments prior to the exchange. But claim 1 is not related to how bond strips are created. Rather, claim 1 is directed to forming an orderbook in which both bonds and stripped bonds are traded and to deriving prices for a bond using information from the stripped bonds. Neither Narayan nor Roberts disclose or suggest these features recited from claim 1.

Regarding claims 2 and 7, the Examiner admits that Narayan fails to disclose "matching said bond order against a number of stripped bonds that aggregated forms a bond corresponding to said bond order." For this missing feature, the Examiner relies on Roberts at column 3, lines 13-20 and column 6, line 31-38. The text in column 3 simply describes "structuring a serial issue of zero coupon bonds to replace one or more existing interest-bearing bonds." This text describes replacing one instrument for another. Claim 2 recites matching a bond order to buy or

sell a bond against a number of stripped bonds (which are different types of instruments from bonds) that when aggregated form a bond corresponding to the bond order. The text in Roberts at column 6 simply describes how each new zero coupon bond is created from the old bond that the zero coupons replace. Accordingly, even if Narayan and Roberts could be combined, they fail to disclose "matching said bond order against a number of strip bonds that aggregated forms a bond corresponding to said bond order."

Nor is it seen where the features of dependent claims 4, 5, 9, and 10 are described in Narayan. Claims 4 and 9 describe that the bond order (a first type of instrument) is matched against a number of aggregated stripped bonds (a second type of instrument). As described above, such order matching is not described in Narayan. Nor does Narayan check to make sure before such a match is made that there is a "current price for all required stripped bonds" in the aggregate number. There certainly is no teaching in Narayan of the features in claim 5 wherein "if a price exists for all required stripped bonds but one, generating a derived order for the missing stripped bond."

The Examiner's reference to paragraphs 49 and 52 in Narayan is not understood. Paragraph 49 illustrates simply describes a search and order execution process that has nothing to do with determining if a price exists for all required stripped bonds but one, and generating a derived order for the missing stripped bond. Paragraph 52 describes a search module 156 for searching a database to locate bonds having a parameter specified by the user. There is no description of stripped bonds, let alone the features recited in claims 5 and 10.

Claims 6 and 11 stand rejected under 35 USC 103 as being obvious based upon Narayan in view of Roberts and further in view of Halpern. This rejection is respectfully traversed.

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Halpern describes creating investment structures to help satisfy a particular investor's needs. An initial investment structure is created by splitting an initial funding amount into a predetermined number of portions spread out over a predetermined number of initial investment terms. Each portion is divided between the primary and secondary term investment vehicles for each term. The sum of the values for the primary and secondary term investment vehicles at the end of the term equals the portion for that term. See paragraph 0016. In the example given in paragraphs 0020-0022, bonds and strips are invested in a staggered five year manner so that after maturity of the initial bond in five years, 1/5th of the pool of coupon bonds and strips mature each year over all following five year periods. As each combination of coupon bonds and strips matures, the maturity is reinvested to buy coupon bonds and strips with a maturity date in five years.

In contrast, claims 6 and 11 are not directed to creating instruments or investment structures. None of Narayan, Roberts, nor Halpern disclose or suggest:

> when said matching occurs for a pending bid or offer resulting from a derived order generated in response to trying to match a bond order for a bond against a number of stripped bonds, forming a combination trade between all stripped bonds required for a match against said bond order including said stripped bond order and said bond.

If the Examiner elects to maintain this rejection, the Examiner is requested to specifically identify where one of these prior art references discloses the claimed "derived order generated in response to trying to match a bond order for a bond against a number of strip bonds." This is not the same thing as simply trying to match bonds together or trying to match stripped bonds together. In addition, the Examiner is requested to identify where the claimed combination trade is formed in any of the three applied references "between all stripped bonds required for a match against said bond order including said stripped bond order and said bond."
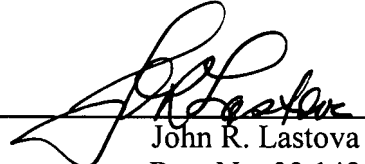
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The application is in condition for allowance. An early notice of same is respectfully

requested.

Respectfully submitted,

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